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DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION:
FOOD AND AGRICULTURE

Note verbale dated 16 July 1991 from the Permanent Mission of Australia to the United Nations to the Secretary of the Economic and Social Council

The Permanent Mission of Australia to the United Nations presents its compliments to the Secretary of the Economic and Social Council and has the honour to request him to distribute, as an official document of the Economic and Social Council, under item 8 (b) of the agenda of the Council, the annexed Communiqué from the meeting of Cairns Group Ministers which took place in Manaus, Brazil, on 9 July 1991. Ministers and representatives of the Cairns Group who attended the meeting included Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay.

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Annex

COMMUNIQUE FROM THE MEETING OF CAIRNS GROUP MINISTERS*
MANAUS, BRAZIL, 9 JULY 1991

1. Ministers of the Cairns Group today expressed their deep concern at the current lack of serious political engagement in the Uruguay Round negotiations on agriculture. They stressed once again their disappointment over the failure of the Brussels Ministerial meeting intended to conclude the Uruguay Round in December 1990.

2. Cairns Ministers called upon leaders of the major industrialized countries at their forthcoming London Summit to exert leadership by facing squarely the political decisions necessary to fundamentally reform world agricultural production and trade.

3. Since the Brussels conference, agricultural trading tensions between the major industrial exporters have continued to intensify, especially through the uncontrolled and aggressive use of export subsidies. The continuing damage to the interests of Cairns Group countries caused by the failure of the multilateral system to deal effectively with the trade distorting impact of agricultural subsidies underlined the need for urgent reform. Ministers noted that despite repeated commitments to reduce support, total transfers to agriculture by way of direct payments and consumer transfers in countries of the Organisation for Economic Co-operation and Development (OECD) had increased by 12 per cent in 1990 to $US 299 billion.

4. Ministers noted that following the Brussels breakdown, work had resumed in Geneva in February this year and they welcomed the agreed objective of specific binding commitments to reduce trade distorting domestic subsidies, access barriers and export subsidies. Subsequent technical work has been useful and should assist the negotiation of reform commitments.

5. Ministers took note of the comprehensive exposition of negotiating options in the paper recently prepared by the Director-General of the General Agreement on Tariffs and Trade (GATT), Arthur Dunkel, in his capacity as Chairman of the agriculture negotiations. While welcoming Mr. Dunkel's efforts in focusing initially on achieving consensus on the instruments to be used for reducing support and protection, Ministers were concerned that many important political issues remained to be tackled before even the structure of

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* Ministers and representatives of the Cairns Group (Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand and Uruguay) met in Manaus, Brazil, on 8 and 9 July 1991. A delegation from the Republic of Poland participated in the meeting as observers. An observer from the United States attended the public sessions.

an outcome could be settled. They therefore believed it was essential to move the negotiations to the next important phase when decisions could be taken on a common framework, with transparent methodologies, within which to negotiate substantial and progressive cuts in agricultural support and protection. Addressing these decisions cannot again be left until the eleventh hour.

6. Ministers expressed concern that if substantive negotiations were not engaged as a matter of urgency it would not be possible to bring the Round to an early successful conclusion. The experience of 1990 demonstrated that it would be simply unrealistic and counter-productive to expect complex agriculture negotiations to be concluded in a few weeks in order that countries could commit themselves to final results in other important areas of the Round. In these circumstances, Summit Leaders must instruct their negotiators to take the necessary preparatory decisions at an early enough stage for the Round to be brought to a successful conclusion.

7. Therefore Cairns Ministers urged Summit Heads of Government to give new instructions to their negotiators and to commit themselves, personally, to monitoring progress and interceding as necessary in order to ensure that much needed momentum is created and maintained. The time is now past for a mere repetition of good intentions, which regrettably had not been fulfilled in the past. It is high time for substance to substitute for words and for meaning to be given to commitments by Governments to fulfil the objectives established when the Uruguay Round was launched at Punta del Este in 1986, as developed at the Mid-Term Review: "to establish a fair and market oriented trading system"; to achieve the objective of "progressive and substantial reductions in support and protection"; and to establish "strengthened and more operationally effective GATT rules and disciplines". Success in achieving these objectives rested above all in the exercise of political will in a liberalizing direction by the leaders of the Group of 7 countries.

8. Cairns Ministers underlined their own continued preparedness to play their part in advancing the negotiating process across all areas of the Uruguay Round. On agriculture, they remain ready to negotiate flexibly, as they have in the past, and will support efforts to achieve an outcome as soon as possible, provided it is comprehensive in product coverage and equitable. The central concern for tne Cairns Group is to secure an irreversible commitment to fundamental change in the policies affecting agricultural trade, paving the way towards the integration of agriculture with generally applicable GATT rules and disciplines.

9. In the view of Cairns Group Ministers, an acceptable package on agriculture needs to encompass:

> Fundamental reinstrumentation of border protection and removal of country-specific exceptions through clean tariffication, accompanied by commitments to substantial reductions in tariffs and tariff equivalents, and access improvements. Tariffication should establish equivalent protection levels - any increase in border protection, such as through re-balancing, would be totally unacceptable;

Substantial annual reductions in trade and production distorting domestic subsidy programmes;

Substantial annual reductions in export subsidization, consistent with the long-term goal of its elimination, and the strengthening of interim disciplines: to prevent circumvention of commitments, in particular with regard to food aid and concessional sales; to provide effective remedies from adverse effects of residual subsidization; to effectively prohibit the extension of export subsidies to new products or markets; and to prohibit practices such as targeting.

Disciplines on sanitary and phytosanitary measures which ensure that unjustified barriers are not maintained.

10. Additionally, the package must give due recognition to the position of developing countries, including, on the one hand, faster reduction in market access barriers on products of export interest to them and, on the other, lesser cuts on their access barriers and domestic subsidies over extended time-frames; and exclusion from reduction commitments of those rural and agricultural policies which are an integral part of their national development programmes, including those to encourage eradication and diversification away from the growing of illicit narcotic crops.

11. Ministers recognized that much was at stake, over and above the right of competitive agricultural countries to a fair deal on world markets. Agricultural protectionism increasingly hindered economic development, the debt-servicing capacity and employment opportunities in developing countries. A serious consequence also is the pressure on efficient farmers to adopt practices which are less sustainable environmentally to compensate for low export returns, resulting in potential ecological damage. Furthermore, recognition should be given to the economic reform and market orientation steps put in place by many developing countries and the economic transformation of Central and Eastern European economies, which have been encouraged by the industrialized world and are seriously threatened by the lack of fair market opportunities for their products.

12. Additionally, a failure of the Uruguay Round would risk continued erosion of the multilateral trading system, the danger of trading blocs becoming inward-looking and of an intensified resort to unilteral measures to gain negotiating leverage and thereby force concessions from negotiating partners. Conversely, a successful Round would strengthen and widen the multilateral system.

13. In reaffirming their commitment to bring the Uruguay Round to a successful early conclusion, Ministers expressed the strength of their resolve that the Round could not and would not conclude, in whole or in part, without a substantial outcome on agriculture.

14. In concluding, Ministers expressed their deep appreciation to Minister Cabrera and the Brazilian Government for their initiative in hosting the meeting and for the hospitality that was accorded to the Cairns Group.